

[UP suit seeks to fix the National Flood Insurance Program's claim appeal process so it works for consumers](#)

In February 2015, UP [filed a lawsuit in the Federal District Court](#) in Washington D.C. to secure complete responses from the NFIP to the three [Freedom of Information Act \("FOIA"\) requests](#) we filed in 2014.

Our FOIA requests seek details of the appeals process that is offered to policyholders when they disagree with the NFIP's decision or settlement offer on their flood insurance claim. While helping NFIP insureds whose homes were damaged or destroyed by flooding in New Jersey, New York, and Colorado, it became clear to UP that the appeal process is not working for consumers. Consumers continually reported to UP that they filed an appeal and got nowhere. "A waste of time," we heard over and over again. So we sought to get to the bottom of the situation. An insurance claim appeal process is supposed to be a free, efficient, and fair process for resolving disputes that allow independent review of damage evidence and adjusters' decisions.

It appears that NFIP claim appeals are evaluated by the very same estimators and claim adjusters that make the decisions people are trying to alter/overturn by filing appeals. "Rubber stamp" may be too extreme a label, we're not sure yet. Consumer advocates, Federal elected officials, and even NFIP management agree that the program's appeal process must be reformed. UP's FOIA requests and lawsuits are aimed at making that happen.

Although the requests and lawsuit focus on the time period during which the NFIP was handling claims from the October 2012 Superstorm Sandy, United Policyholders is gathering information about the appeal process in general - not just for Sandy claims. The NFIP has provided a limited amount of information and a spreadsheet in response to UP's three requests. A lawsuit was the last resort, and we remain hopeful

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that the program will voluntarily comply with our requests, and that we can work with program administrators to use the information we're seeking to reform and improve the appeal process. After crunching some numbers, we have learned that of a sample of 2,208 post-Sandy appeals, FEMA agreed with the WYO insurer in 1,627 cases or 73% of the time. Policyholders only received additional compensation in 82 cases or 4% of the time. 344 or 15% of cases were "returned" to the WYO. There is no explanation as to what that means. On its face, the data suggests that the appeal process is illusory. In other words, policyholder: "don't bother...you only have a 4% chance of getting more money." But we don't know whether any of the appeals merited additional payment, or why in 82 cases WYOs were directed to pay more. What is the review process actually like? Is there a meaningful review or is it simply a matter of checking boxes on a checklist? FEMA refused to disclose any claim files.

UP is part of a coalition of non-profit organizations that have been having productive meetings with FEMA's new NFIP leadership team in crafting the re-open process after [engineering scandals broke last year](#). Our work is focused on how to craft a meaningful review process for thousands of homeowners who may have been underpaid after Sandy, but also on how to prevent the need for such a process by increasing transparency and accountability within the NFIP. We believe that one of the major components of these reforms must be to ensure that policyholders have an extra-judicial avenue to pursue what they believe is an underpaid claim. Our intention was never to be adversarial with FEMA, only to be able to improve the NFIP and give consumers accurate guidance on the best course of action following a dispute on a flood claim.

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